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## We Need To Act Now



*C. K. Allen*

Now is the time for all of us to commit ourselves to expand the Angus business—to increase our share of the beef cattle market. If we don't accomplish this within the next few years, we are missing an opportunity that won't come our way until the late 1980's or early 1990's.

Here's why we need to act now. People get into the cattle business when prices are going up and cattle profits are high. Now that may be wrong, but it is still a fact. It is hard to convince a person to buy more cattle or start a new herd when the business is unprofitable. So when prices are going up and the business looks good, conditions are ideal to start new Angus herds.

Economists generally agree that "good" cattle prices are practically assured into 1982. That gives us three to four good years to accomplish our goal.

What's more, "The attitude of the farm buyer is surprisingly good," according to the executive director of the Western Retail Equipment and Hardware Association. Farmers do have money to invest. They have made money on feedlot cattle, and cash grain crops, particularly soybeans. They will have to cough up large amounts for taxes or invest it, and the tax advantages of breeding cattle coupled with the profit potential of an Angus cow herd, should look good to an increasingly large number of farmers and part time farmers.

There has been a sizable reduction the past few years in the number of cattle operations in the 50 states. There

were more than 50,000 fewer cattle operations in 1978 than 1977. Some of the land that supported these past beef cattle operations has been plowed up and put into crops. But some people simply sold out because they weren't making any money. Now that the tide has turned, they will get back into the business, and we have the opportunity to put them back in the Angus business.

To increase the Angus share of the market, and to help insure our future, we need to do three basic things. First—increase our production of good registered seedstock. Second—step up our marketing programs. Three—constantly improve our breeding programs to produce even more efficient, higher quality seedstock.

We are already saving back more Angus cows and heifers. And that will help, but in the case of heifers it won't help for at least a couple of years or so, when we will be nearing the end of the current profitable phase of the cycle. Therefore, to expand now and next year, it will mean taking a second look at every calf crop to determine if a higher percentage of them can be marketed profitably as registered Angus, and then getting them registered. It also might mean selling some good bred cows now, at high prices and replacing them later with less expensive but hopefully genetically superior heifers. As one award winning Missouri cattle producer noted recently, "I like to sell cattle when prices are high, and build back the herd in a different part of the beef cattle cycle, when prices are low." It may not work for everyone, particularly when carried to the extreme, but it makes some sense.

When cattle prices are high breeders

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# TIMELY TOPICS

tend to cut back on advertising and merchandising. Their reasoning often is that they can get all their cattle sold at profitable prices without spending much for marketing. But that reasoning is no more valid than the logic that says, "since prices are so low I can't afford to spend money on advertising."

Good advertising and promotion done now, when potential buyers are receptive, should help you increase the selling price of your cattle even more by stimulating demand, and it should help bring in new customers. If you don't cultivate new customers when you can afford it most and when people are most interested in buying cattle, then you don't cultivate new customers later on when you can't afford it and people are less interested in buying cattle. It is very difficult to expand your operation and increase your share of the cattle business in your trade area. If you attract new customers now and are willing to "sacrifice" some good cattle at premium prices to get them started right, then you probably will have a new bull customer for several years to come, regardless of the phase of the cattle cycle. The new customers you get today will make it easier to withstand the down periods of the cattle cycle.

All of us need to be more conscious of market conditions and cattle cycles, so that we can prepare for both profitable and unprofitable periods. We know they are coming, therefore we need to make them work for us as much as possible. In July the American Angus Association *will start* publishing the new *Angus Journal*. We intend for the *Journal* to perform this service to Angus breeders. It will carry the information necessary to help you make better breeding and marketing decisions.

The iron of Angus breed expansion is hot, and now is the time to strike. And it must be a double blow—the first is to make more quality cattle available to new and existing customers this year, and for the next three or four years, and the second is to aggressively merchandise our individual herds and the Angus breed. If we do, we will have no trouble extending the lead that the Angus breed now enjoys over all other beef breeds. 